United Nations E/2015/51

Economic and Social Council

Distr.: General
11 March 2015

Original: English

Special meeting of the Economic and Social Council on international cooperation in tax matters
New York, 22 April 2015

Further strengthening the work of the Committee of Experts on International Cooperation in Tax Matters

Report of the Secretary-General

Summary

Pursuant to Economic and Social Council resolution 2014/12, the present report examines options for further strengthening the work and operational capacity of the Committee of Experts on International Cooperation in Tax Matters, with an emphasis on better integrating its work into the programme of work of the Council following its reform and effectively contributing to the financing for development follow-up process and to the post-2015 development agenda. It builds on the analysis and findings of the three previous reports of the Secretary-General on the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee (E/2011/76), on the role and work of the Committee (E/2012/8) and on the further progress in strengthening the work of the Committee (E/2013/67). In addition, the present report reflects the views expressed by Member States on this subject during the reporting period and refers to the option of moving the annual session of the Committee from Geneva to New York, mirroring the recent such move of the substantive session of the Council.

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I. Introduction

1. In its resolution 2014/12, the Economic and Social Council requested the Secretary-General to submit to the Council, at its special meeting to consider international cooperation in tax matters, a report, within existing resources and reflecting the views of Member States, on options for further strengthening the work and operational capacity of the Committee of Experts on International Cooperation in Tax Matters, with an emphasis on better integrating its work into the programme of work of the Council following its reform and effectively contributing to the financing for development follow-up process and to the post-2015 development agenda. The present report has been prepared in response to that request.

2. The present report draws upon the analysis and conclusions contained in the three previous reports of the Secretary-General on the strengthening of institutional arrangements to promote international cooperation in tax matters, including the Committee (E/2011/76), on the role and work of the Committee (E/2012/8) and on the further progress in strengthening the work of the Committee (E/2013/67).

3. In preparation for the present report and pursuant to Council resolution 2014/12, the Secretariat circulated a note verbale to all Member States, seeking their views on options for further strengthening the work and operational capacity of the Committee. The inputs received are not summarized separately owing to space constraints but are reflected in the analysis of the report. Relevant views on the matter that were expressed by Member States during the preparatory process for the third International Conference on Financing for Development (Addis Ababa, 13-16 July 2015) have also been taken into account.

II. Role of international tax cooperation in financing for development

4. The relationship between the mobilization of financial resources for development and international tax cooperation featured prominently in outcome documents of major United Nations conferences and summits on economic and social matters, including the 2002 Monterrey Consensus of the International Conference on Financing for Development,[1] the 2008 Doha Declaration on Financing for Development (see General Assembly resolution 63/239, annex, paras. 16 and 25), the Outcome of the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development (Assembly resolution 63/303, annex), the outcome document of the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals (2010) (see Assembly resolution 65/1, para. 78 (i)), and the outcome document of the United Nations Conference on Sustainable Development, entitled "The future we want" (2012) (see Assembly resolution 66/288, annex, para. 268).

5. In preparation for the United Nations summit for the adoption of the post-2015 development agenda (New York, 25-27 September 2015) and the third International Conference on Financing for Development, the importance of domestic resource

[1] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex, paras. 15 and 64.

mobilization with the central role of taxation, including international tax cooperation, continues to feature prominently in documents that serve as inputs into these processes. The Open Working Group of the General Assembly on Sustainable Development Goals, in its report (A/69/970 and Corr.1), called for strengthening the means of implementation and revitalizing the global partnership for sustainable development and further specified that domestic resource mobilization, including through international support to developing countries should be reinforced, to improve domestic capacity for tax and other revenue collection. The Intergovernmental Committee of Experts on Sustainable Development Financing, in its report (A/69/315), stressed that while each country is responsible for its own tax system, international cooperation on tax policy needs strengthening. In his synthesis report on the post-2015 sustainable development agenda, entitled "The road to dignity by 2030: ending poverty, transforming all lives and protecting the planet" (A/69/700 and Corr.1), the Secretary-General reminded Member States of their shared ambition for the future, including their commitment to combat tax evasion and to consider measures for improving the institutional arrangements in international tax cooperation. As noted in the Elements paper,[2] prepared as input to the first draft of the outcome document of the third International Conference on Financing for Development, evidence suggests that combating tax avoidance and evasion can result in significant gains in revenue mobilization in developing countries. The paper stressed, however, that there were limits to what individual Governments could accomplish on their own in the globalized economy.

6. There has been an unprecedented demand from both developing and developed countries for strengthening international cooperation in tax matters. A convergence of several recent developments and initiatives and prevailing factors has increased the focus on, and commitment to, reform efforts aimed at strengthening international tax policies and the institutional framework in which these are developed:

(a) Tepid and fragile growth patterns in most developed countries. Gross domestic product growth in developed economies is noticeably lower compared with pre-crisis levels, leaving them with limited fiscal space and little appetite for increased official development assistance spending;[3]

(b) Large financing needs for sustainable development. Different estimates of financing needs all confirm that there are enormous requirements for investment in sustainability development across all critical sectors;

(c) Increased public interest in combating tax evasion and avoidance. Several tax scandals, involving prominent companies, banks and high-net worth individuals, have led to public outrage and a renewed focus on fair and effective tax systems of citizens and the media;

(d) Strong political momentum. There has been powerful political pressure among countries to curtail so-called base erosion and profit shifting by multinational enterprises engaging in a wide range of cross-border tax planning techniques, which allows them to pay little or no tax anywhere in the world;

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[2] Available from www.un.org/esa/ffd/wp-content/uploads/2015/01/FfD_Elements-paper_drafting-session.pdf.

[3] *World Economic Situation and Prospects 2015* (United Nations publication, Sales No. E.15.II.C.2), available from www.un.org/en/development/desa/policy/wesp/.

(e) Increased business sensitivity to the effects of aggressive tax planning. Fuelled by recent news reporting and the resulting public admonition, companies are now much more concerned with the reputational risks related to aggressive tax planning. Many business taxpayers are now arguing for a level playing field for all, so that tax evasion and avoidance can no longer be used as a strategic competitive advantage.

III. Committee of Experts on International Cooperation in Tax Matters

Terms of reference

7. In its resolution 2004/69, the Economic and Social Council decided that the Ad Hoc Group of Experts on International Cooperation in Tax Matters would be renamed the Committee of Experts on International Cooperation in Tax Matters with a mandate to:

(a) Keep under review and update as necessary the United Nations Model Double Taxation Convention between Developed and Developing Countries[4] and the Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries;[5]

(b) Provide a framework for dialogue with a view to enhancing and promoting international tax cooperation among national tax authorities;

(c) Consider how new and emerging issues could affect international cooperation in tax matters and develop assessments, commentaries and appropriate recommendations;

(d) Make recommendations on capacity-building and the provision of technical assistance to developing countries and countries with economies in transition;

(e) Give special attention to developing countries and countries with economies in transition in dealing with all the above-mentioned issues.

Membership, composition and term of office

8. The Committee comprises 25 members nominated by Governments and acting in their own expert capacity. The members, appointed for four-year terms by the Secretary-General, after notification has been given to the Council, are drawn from the fields of tax policy and tax administration and are selected to reflect an adequate equitable geographical distribution, representing different tax systems. The current membership of the Committee will serve until 30 June 2017.

Working methods

9. The Committee meets annually for five working days at the United Nations Office at Geneva (generally in late October) and submits its report to the Council at its substantive session.

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[4] Available from www.un.org/esa/ffd/wp-content/uploads/2014/09/UN_Model_2011_Update.pdf.

[5] Available from www.un.org/esa/ffd/wp-content/uploads/2014/10/Manual_TaxTreaties1979.pdf.

10. In its resolution 2006/48, the Economic and Social Council recognized that the Committee had agreed to create, as necessary, ad hoc subcommittees composed of experts and observers who would work throughout the year to prepare and determine the supporting documentation for the agenda items under consideration at the Committee's regular sessions. The Council also recognized that in order to deal with issues relating to the agenda on a continuous basis, subcommittees should use electronic communications where possible, but that the efficient operation of these subcommittees might in future require some face-to-face meetings.

11. As the Secretary-General noted, in paragraph 47 of his 2012 report (E/2012/8):

> All Committee members who responded to the questionnaire agreed that face-to-face meetings were necessary in order for their work to be effective, reflecting a view that has often been put forward by the Committee. They felt that it was not possible to fulfil the mandates of the subcommittees using only electronic means as real progress was often contingent on face-to-face meetings where issues could be fully discussed and consensus reached.

12. In practice, the major achievements of the Committee, namely, the revision of the United Nations Model Double Taxation Convention between Developed and Developing Countries (the United Nations Model Convention) and the approval of the United Nations Practical Manual on Transfer Pricing for Developing Countries (the United Nations Transfer Pricing Manual), were heavily dependent on face-to-face meetings.

13. In its resolution 2006/48, the Economic and Social Council also requested the Secretary-General to establish a trust fund to receive voluntary contributions from Member States and other institutions interested in providing financing for the Committee's activities in support of international cooperation in tax matters, including the participation of experts from developing countries. In its resolution 2008/16, the Council noted the importance of adequate representation from developing countries in the meetings of the subcommittees and working groups, invited the Secretary-General to intensify efforts to seek appropriate resources and urged all Member States and relevant organizations to contribute generously to the trust fund. The trust fund was established, but to date there have been no contributions.

14. In paragraph 73 of his 2013 report (E/2013/67), the Secretary-General concluded:

> Additional resources are urgently needed to support its [the Committee's] work and to enable it to fully meet its mandate. These increased resources are necessary, inter alia, to support the work of the Committee and its subcommittees and to ensure that the subcommittees are duly balanced, representative and effective. At a time when a small amount of resource "can capture a moment" and potentially yield greater and enduring improvements, it is essential that all countries in a position to do so explore ways of supporting the work of the United Nations on international tax and development, through extrabudgetary contributions, as appropriate.

15. The Committee has relied heavily on its subcommittees working intersessionally. Currently, there are seven active subcommittees and one advisory group, as follows:[6]

(a) Subcommittee on Article 8: International Transportation Issues;

(b) Subcommittee on Article 9 (Associated Enterprises): Transfer Pricing;

(c) Subcommittee on Base Erosion and Profit Shifting Issues for Developing Countries;

(d) Subcommittee on Negotiation of Tax Treaties — Practical Manual;

(e) Subcommittee on Exchange of Information;

(f) Subcommittee on Extractive Industries Taxation Issues for Developing Countries;

(g) Subcommittee on Tax Treatment of Services;

(h) Advisory Group on Capacity Development.

16. The subcommittees will be dissolved when they have completed their respective mandates or at the conclusion of the term of the current membership of the Committee on 30 June 2017.

Secretariat support

17. The Committee is serviced by a small secretariat located in the Financing for Development Office of the Department of Economic and Social Affairs of the Secretariat. It consists of the Secretary of the Committee (P-5), one Economic Affairs Officer (P-3) and one General Service staff member, who provides secretarial and administrative services. In addition, Germany has funded, since September 2012, temporary assistance in the form of an associate expert. Norway has also previously funded associate experts. The secretariat is responsible for providing substantive support to the work programme of the Committee, including the preparation for and follow-up to its annual sessions and intersessional meetings of the subcommittees. In addition, the secretariat provides input to relevant reports for United Nations intergovernmental and inter-agency bodies and organizes expert group meetings, panel discussions, seminars and briefings on tax and development matters.

Major outputs of the Committee

18. As mentioned above, the Committee currently has two main outputs, namely:

(a) The United Nations Model Convention, which provides a model for bilateral tax treaties between countries seeking to eliminate doub'e taxation, as well as double non-taxation. In contrast with the Organization for Economic Cooperation and Development (OECD) Model Tax Convention on Income and on Capital,[7] the United Nations Model Convention preserves a greater share of tax revenue to the country where investment or other economic activities take place, an important distinction as countries seek to ensure revenue for development while retaining a

[6] The terms of reference for the subcommittees can be found at: /www.un.org/esa/ffd/tax-committee/tc-current-subcommittees.html.

[7] OECD, *Model Tax Convention on Income and on Capital 2014* (Paris, 2014).

favourable investment climate. Through its Commentary, the United Nations Model Convention seeks to explain alternative provisions helping countries to decide which approach better suits their circumstances and priorities in negotiation of bilateral tax treaties;

(b) The United Nations Transfer Pricing Manual, which provides practical guidance on the issue of inter-company transfer of goods, services and loans. It follows a novel and needs-based approach to explaining what those guidelines mean for developing countries, and how they can be applied in a way that responds to their situations.

19. During the tenth annual session, in October 2014, the Committee confirmed that its work plan was predicated upon agreeing an updated version of the United Nations Model Convention at its twelfth session, in 2016, which will be the last session of the current membership, with the view to publishing it in 2017. The importance of updating the Transfer Pricing Manual before the term of the current members expired was also reaffirmed.

IV. Addressing gaps and deficiencies in international tax cooperation

20. In recent years, the Economic and Social Council has sought to strengthen the role of the United Nations in international tax cooperation, including the work of the Committee. A series of reports by the Secretary-General (E/2011/76, E/2012/8 and E/2013/67) addressed pertinent issues in international tax cooperation and concluded that no single entity existed with the global legitimacy, resources and expertise to serve as a single coordinating body for international tax cooperation. During a time in which fundamental changes to international tax standards are being devised, with what is by many perceived to be an inadequate representation of developing countries, a "full seat at the table" for developing countries remains a fundamental gap in the area of international tax cooperation.

21. In his 2012 report (E/2012/8), the Secretary-General noted additional gaps in international tax cooperation, such as: insufficient participation by the least developed countries in tax cooperation forums; a lack of coordination and cooperation among different providers of technical assistance and donors; infrequent monitoring and evaluation of technical assistance received by developing countries that would be needed to formulate lessons learned for future activities; the often unsatisfactory availability of data on taxation that would assist developing countries in deciding on policy and administration aspects of their tax laws; the lack of technical skills in tax administrations, especially as they relate to tackling tax evasion and avoidance; the lack of information in tax administrations, for example, in the form of limited access to databases; and the frequent absence of an independent and competent judicial system outside the tax administration.

22. The Committee currently plays a unique role in considering the policy and administrative aspects of international tax cooperation and their influence on developing countries and their respective tax systems and administrations. In its work, the Committee proposes solutions focused on needs and priorities of developing countries, which may, nevertheless, ultimately benefit all States Members of the United Nations. Focusing on simpler, even if not perfect, solutions

to major issues of concern, as well as allowing for transitional solutions, is one way in which the Committee currently makes efforts to close the fundamental gap of representation. However, because of its non-governmental status and limited resources, the Committee cannot fully bridge the gap.

23. The importance of effective cooperation among all international organizations active in the area of international taxation consistent with their differing memberships, mandates and comparative advantages was recognized in the 2012 report of the Secretary-General (E/2012/8). The report stated that the United Nations was well-placed, through the Committee, in continuing to make a distinct and important contribution in this area, including by helping to address the gaps noted above. Possible measures for addressing the gap included that the Committee should focus on the needs and specificities of developing countries, in particular the least developed countries, so that their views might be fully taken into consideration in the international tax debate; that the least developed countries should be encouraged to nominate candidates as members of the Committee; that the Committee should act as a platform for further debates on tax cooperation and development while involving key players from developed and developing countries; that the Committee should enhance its collaboration with regional tax administration forums; and that the Committee should assist in identifying successful technical assistance projects.

24. In his 2011 report (E/2011/76), the Secretary-General identified the following three options for the purpose of strengthening institutional arrangements to promote international tax cooperation, including the Committee:

(a) Strengthening the existing arrangements within the United Nations while retaining the current format of the Committee of Experts;

(b) Converting the Committee of Experts into an intergovernmental commission on international cooperation in tax matters serving as a subsidiary body of the Economic and Social Council;

(c) Creating an intergovernmental commission and retaining the current Committee of Experts as a subsidiary body of that commission.

25. Following intense discussions, Member States did not agree on the proposed conversion of the Committee of Experts into an intergovernmental commission. In the absence of such an entity, organizations active in this area must work together with a view to meeting common tax and development goals in the most efficient, responsive and participatory ways.

26. In a recent development, in his synthesis report on the post-2015 agenda (A/69/700 and Corr.1), the Secretary-General has recommended again that Member States consider the "establishment of an intergovernmental committee on tax cooperation, under the auspices of the United Nations".

V. Views provided by Member States

27. Pursuant to Economic and Social Council resolution 2014/12, the Secretariat circulated, on 12 December 2014, a note verbale to all Member States, seeking their views on options for further strengthening the work and operational capacity of the Committee, with an emphasis on better integrating its work into the programme of

work of the Council following its reform and effectively contributing to the financing for development follow-up process and to the post-2015 development agenda. As at 8 March 2015, eight replies were received, from Denmark, Japan, Lebanon, Mexico, the Russian Federation, Turkey, the United States of America and the European Union.[8] In addition, relevant views on this matter were expressed by Member States during the preparatory process for the third International Conference on Financing for Development and have also been taken into account. The main substantive features of these inputs are summarized below.

28. Most countries acknowledged that domestic resource mobilization and enhancing fiscal capacity are essential for poverty eradication and financing the attainment of sustainable development. Furthermore, many countries agreed that the United Nations and the Committee have been playing an important role in international tax cooperation and that the current format has produced meaningful results in the form of the United Nations Model Convention and its contribution to enhancing international cooperation in tax matters, in particular between developing and developed countries, as well as of practical manuals.

29. When addressing ways of strengthening international tax cooperation, many countries stressed the need to enhance the involvement of developing countries in relevant international forums active in this area, including OECD, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the Informal Task Force on Tax and Development, the International Tax Dialogue and the International Tax Compact. Moreover, most countries agreed that there was a need for further cooperation efforts between the Committee and the above-mentioned organizations, as well as the International Monetary Fund (IMF). In addition, some countries called for increased dialogue and cooperation with regional forums, such as the African Tax Administration Forum, the Inter-American Center of Tax Administrations, as well as with the IMF regional technical centres and with related initiatives such as the Extractive Industries Transparency Initiative.

30. Most countries agreed that the Committee's effectiveness should be improved, but views differed as to how this could be achieved. Suggestions from Member States responding to the note verbale included:

(a) A comprehensive evaluation of the work of the Committee should be undertaken to ensure that the existing structures (the Committee and its subcommittees) function in the most effective way;

(b) The number of sessions of the Committee should be increased to two per year;

(c) The Committee's secretariat should be provided with additional staff with expertise in tax matters;

(d) The number of Committee members should be increased from 25 to 40;

(e) Additional resources for the activities of the Committee and measures to strengthen the effectiveness of developing countries tax systems need to be made available.

[8] Full texts of the replies received are available on the Financing for Development website at www.un.org/esa/ffd/tax-committee/tc-ta-tax-cooperation.html. Further views of Member States are welcome and will be reflected on the same website.

31. Several relevant views on this matter were expressed by Member States during the preparatory process for the third International Conference on Financing for Development. During the substantive informal session on international tax cooperation, as well as during the first drafting session on the outcome document, several Member States, speaking on behalf of groups of developing countries, emphasized that while there was increasing recognition of the central role of tax systems in development, there was still no global, inclusive norm-setting body for international tax cooperation at the intergovernmental level. There was also not enough focus on the development dimension of these issues. Member States reiterated the call to strengthen the role of the United Nations in promoting international cooperation on tax matters, including through converting the Committee of Experts to an intergovernmental body, with experts representing their respective Governments in a truly global forum with universal relevance and participation. It was also noted that this proposal had been brought forward several times by many developing countries.

32. Countries that objected to the conversion of the Committee to an intergovernmental body cited the following reasons: (a) the danger of duplication of work of other international organizations active in the area of international tax cooperation; (b) the assessment that the work undertaken in other forums was already inclusive of the policy position of developing countries; and (c) concern about the increased resource commitments that would be inherent in any suggestion to upgrade or expand the mandate of the Committee. One country objected to an increase in the number of Committee members on the grounds that the Committee was both already diverse enough to represent a wide variety of views and expertise, and small enough to reach consensus on potentially difficult issues.

33. Regarding the integration into the work of the Economic and Social Council, one country found that the Committee was already integrated and by continuing to do its work, it would help to inform the financing for development process and the debate on the post-2015 development agenda, without needing to specifically align itself with those processes.

34. Two countries were of the view that the Committee should give due consideration to the aims and objectives expressed in the OECD/Group of 20 Action Plan on Base Erosion and Profit Shifting.[9] One country suggested that in order to facilitate the engagement of developing countries on the automatic exchange of information, a new platform should be created by the Committee that would allow for the sharing of experience on exchange of information. This platform should give special attention to the needs of developing countries and build awareness of the potential to cooperate in the automatic exchange of information. Taking into account the importance of this issue, the respective country suggested that the platform should report to the Council.

35. Support was expressed for the Committee in updating the United Nations Model Convention and the United Nations Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. One country also noted that particular attention should be paid to countries in special situations in the course of updating the United Nations Model Convention and the United Nations Transfer Pricing Manual.

[9] Available from http://www.oecd.org/ctp/BEPSActionPlan.pdf.

36. Two countries and the European Union described relevant activities and their involvement in international tax cooperation on bilateral and multilateral bases.

VI. Options for better integrating work of the Committee into the programme of work of the Economic and Social Council following its reform

37. Following the 2005 World Summit, the Economic and Social Council, pursuant to General Assembly resolutions 61/16 and 68/1, has undergone reforms to strengthen the Council, within its mandate under the Charter, as a principal organ of the United Nations, in the integrated and coordinated follow-up of the outcomes of all major United Nations conferences and summits in the economic, social, environmental and related fields, and recognizing the key role of the Council in achieving a balanced integration of the three dimensions of sustainable development. In the annex to its resolution 68/1, as in other provisions, the Assembly requested the Council to base its annual programme of work on a main theme; stagger its segments throughout the year, with a work programme cycle beginning in July; and convene an integration segment to monitor and promote the balanced integration of the three dimensions of sustainable development in the work of the Economic and Social Council system. In the resolution, the Assembly also mandated that the Council convene its meetings at United Nations Headquarters in New York, with only the humanitarian affairs segment continuing to alternate between New York and Geneva.

38. Strengthening the Council's relationship with its subsidiary machinery, including expert bodies, has been an important aspect of its reforms. In the same resolution, the General Assembly stipulated that: with a view to continuously improving the interaction with and follow-up to the work of its subsidiary bodies, the Economic and Social Council should conduct action-oriented reviews of the activities, reports and recommendations of its subsidiary bodies, avoiding a repetition of the debates held in those bodies and focusing attention on issues that require a prioritized and coordinated substantive response from the United Nations system as a whole. The subsidiary bodies should include in their reports an executive summary, and the reports should be concise, clearly identifying the conclusions and recommendations and issues that may require attention and/or action by the Council.

39. In recent years, the Council has also been interested in strengthening the work of the Committee and more broadly the role of the United Nations in international tax cooperation. In its resolution 2013/24, the Council decided to hold, on an annual basis, a special meeting to consider international cooperation in tax matters, with the participation of national tax authorities. Since 2011, such meetings had been held on an ad hoc basis. These meetings provide an opportunity to present the work of the Committee and facilitate an inclusive and broad-based dialogue on international tax cooperation, with the participation of all relevant stakeholders, including the representatives of national tax authorities of developing countries. They bring to the forefront the key issues of concern to developing countries, including those issues identified as priorities by the Committee, in the context of financing for sustainable development and the post-2015 development agenda.

40. In the same resolution, the Council also recognized the progress made by the Financing for Development Office in its work in developing, within its mandate, a capacity development programme in international tax cooperation. Moreover, the Council requested the Office, in partnership with other stakeholders, to continue its work in this area and to further develop its activities. This programme, which was launched in 2012, draws on and provides input to the outputs of the Committee with a view to disseminating and operationalizing them as capacity development tools for the benefit of developing countries. For example, following the adoption by the Committee of its United Nations Model Convention in 2011 and the United Nations Transfer Pricing Manual in 2012, the two early areas of focus of the programme became tax treaties and transfer pricing. The activities of the programme are focused on the challenges and priorities of developing countries. Members of the Committee review all materials and participate in all activities of the programme to ensure that they adequately reflect these priorities and challenges, as well as the views and work of the Committee. In the implementation of the programme, the Financing for Development Office also engages with and seeks guidance from the Committee's Advisory Group on Capacity Development, which is mandated to make recommendations on capacity-building and on the provision of technical assistance to developing countries in the area of international cooperation in tax matters. The Office also reports to the Council annually on progress in the implementation of its capacity development programme in international tax cooperation.

41. In addition, following up on several previous reports of the Secretary-General on this issue, the Council requested the Secretary-General to prepare a report, reflecting the views of Member States, on options for further strengthening the work and operational capacity of the Committee, with an emphasis on better integrating its work into the programme of work of the Council following its reform and effectively contributing to the financing for development follow-up process and to the post-2015 development agenda. The previous reports covered extensively the options for strengthening the work of the Committee and their main findings are covered in section IV of the present report. The new proposals included in this section will focus on better integrating the Committee work into the programme of work of the Council, as stated above.

42. During the preparatory process for the third International Conference on Financing for Development, the outcome of which should constitute an important contribution to and support the implementation of the post-2015 development agenda (see General Assembly resolution 68/279), the importance of domestic resource mobilization with the central role of taxation, including international tax cooperation, was stressed. Given that the Committee is the only United Nations body dealing exclusively with tax matters, there are strong synergies and linkages between its work and the financing for development follow-up process. The Committee currently plays a unique role in considering the policy and administrative aspects of international tax cooperation and in proposing solutions focused on needs and priorities of developing countries. It is thus in a position to contribute, within its mandate, to the articulation of the United Nations financing framework for the post-2015 development agenda, including the sustainable development goals.

43. The 2012 report of the Secretary-General (E/2012/8) included a review of the current working methods of the Committee conducted by the secretariat, taking into account the views of the Committee members, with a view to analysing strengths

and weaknesses in the current working methods of the Committee and to providing recommendations on how to further enhance those strengths and effectively address the weaknesses. One of the perceived weaknesses in the working methods of the Committee was identified in paragraph 55 of that report, as follows:

> The relationship of the Committee with the intergovernmental process, namely the Economic and Social Council, is weak. The reason is partly the timing and the venue of the annual session of the Committee of Experts. The Committee meets in Geneva during the main part of the General Assembly, which makes it impossible for most representatives to the Council to actively participate in its deliberations. ... A stronger relationship between the Committee and the Council would give more authority to the Committee's outputs, including the United Nations Model Tax Convention, the Manual for the Negotiation of Bilateral Tax Treaties between Developing and Developed Countries and the forthcoming Practical Manual on Transfer Pricing.

44. Accordingly, consideration could be given to the possibility of moving the annual session of the Committee from Geneva to New York, mirroring the recent such move of the substantive session of the Economic and Social Council. This would allow for better integration of the work of the Committee into work of the Council, as well as relevant United Nations processes, including the post-2015 development agenda and the financing for development follow-up. It would also follow the example of two similar subsidiary bodies of the Council, namely the Committee for Development Policy and the Committee of Experts on Public Administration, which meet in New York and appear to be better integrated with the Council.

45. Based on the past experience of the work of the Committee, it appears that there is greater interest in the work of the Committee among delegations in New York than in Geneva. Should the Committee meet in New York, interested delegates would be able to participate in its sessions, which are open to observers, as decided by the Committee in an effort to ensure transparency and show its willingness to seek inputs and perspectives from beyond its membership. Currently, observers include representatives of Member States (mainly from the capitals), as well as of the business sector, civil society, international and regional institutions and networks, local communities and the relevant United Nations agencies, funds and programmes. Many Committee members highly value the contributions by the observers and are of the view that they add extra legitimacy to the Committee's outputs.

46. Based on the experience of the Committee of Experts on Public Administration, a number of delegations have been actively participating in its sessions in New York. In fact, in response to the large demand from various stakeholders to attend the sessions, the secretariat of the Committee of Experts is planning to arrange for the future sessions of the Committee of Experts to be made available by webcast. The participation of New York-based delegates would serve as a bridge between the Committee and other relevant processes based in New York, including the Second Committee of the General Assembly, the Economic and Social Council, as well as the post-2015 development agenda and the financing for development follow-up.

47. In addition, during its sessions, if held in New York, the Committee would be able to organize briefings for delegations, presenting its main recommendations and

outputs in a non-technical way and thus ensuring that its messages would be reflected in the intergovernmental processes. Such briefings are frequently organized by the Committee for Development Policy, during its annual sessions in New York, and are very well received by delegations. Material presented at such briefings could feed into the integration segment of the Council, which is to substantively integrate and provide technical guidance in support of the high-level segment and the high-level political forum ministerial-level review of global progress. The outcome of the integration segment could inform the discussions at the high-level segment and the high-level political forum, on policy recommendations to be considered for inclusion in the joint ministerial declaration.

48. During the meeting of the Bureau of the Economic and Social Council with the chairs of the functional commissions of the Council and other expert bodies, held in New York on 28 January 2015, the modalities for increased interaction between the Council and its subsidiary bodies were discussed. One of the recommendations was to encourage more interaction between members of the Bureau of the Council and the chairs of the functional commissions and other expert bodies. In response to this recommendation, during the session of the Committee of Experts on Public Administration, for example, that Committee is planning to hold a joint meeting of the Bureau of the Council and its Bureau, with a view to seeking more direction and guidance from the Council.

49. Should the Committee session be moved to New York, there would also be an administrative advantage. Given that the secretariat of the Committee is based in New York, the Committee session, if held in New York, could be provided with better support, including the possibility of drawing on additional staff (beyond the secretariat) of the Financing for Development Office, and obviating the need for staff to travel to Geneva.

VII. Conclusions

50. **The importance of domestic resource mobilization, with the central role of taxation, including international tax cooperation, continues to be stressed in the lead up to the United Nations summit on the post-2015 development agenda and the third International Conference on Financing for Development. Given that the Committee is the only United Nations body dealing exclusively with tax matters and currently plays a unique role in considering the policy and administrative aspects of international tax cooperation and in proposing solutions focused on the needs and priorities of developing countries, it is in a position to contribute, within its mandate, to the articulation of the United Nations financing framework for the post-2015 development agenda, including the sustainable development goals.**

51. **The recent achievements of the Committee, in particular the update of the United Nations Model Convention and the completion of the United Nations Transfer Pricing Manual, have demonstrated the prominent role of the United Nations in the area of international tax cooperation, as well as the unique and distinct role of the Committee. To provide further support to the work of the Committee and its subcommittees and to ensure that the subcommittees are duly balanced, representative and effective, the Economic and Social Council**

may wish to consider urging Member States to contribute to the Trust Fund for International Cooperation in Tax Matters.

52. **In addition, in its effort to continuously improve the interaction with and follow-up to the work of its subsidiary bodies, the Economic and Social Council may wish to consider the possibility of moving the annual session of the Committee from Geneva to New York, mirroring the recent such move of the substantive session of the Council. This would allow for better integration of the work of the Committee into work of the Council, as well as relevant New York-based processes, including the post-2015 development agenda and the financing for development follow-up process.**